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## **Strategic orientation in change management and using it when designing a company's development**

### **1. Introduction**

The growth and development of a company is closely related to the need to implement changes in its management system. Their implementation is the expression of the internal organizational movement the course of which depends on a number of external and internal conditions. A particular role in the collection of the latter is played by managerial orientation valid within the company. Its content is the expression of the preference of objectives, values and features of the management system making it possible for the business organization to become distinct in its environment. The growth and development of a company is the expression of a consistent and logical implementation of a string of positive changes resulting from the adopted managerial orientation which is the representation of the basic, distinctive features a company's management system should have, the values and principles it should be focused on and what conditions it should meet. The growth and development of a company require a simultaneous observance of a number of orientations, especially: pro-market, pro-quality, strategic,

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focused on knowledge and focused on changes (Lichtarski 2010). A particular role in the collection of the orientations referred to above is played by the orientation on changes because its implementation guarantees the achievement of benefits resulting from following the recommendations of other approaches to company management. It also plays an integrating role towards all managerial orientations. The mechanism of activating positive changes in the organization, which constitute the condition for achieving results confirming the growth and development of a company, is found within the structure of the management system, especially in the content of regulatory mechanisms. They are responsible for generating adaptation and anticipation changes, ensuring the achievement of a new level in the organization's general balance, which is not only the condition but also the confirmation of development processes. The presence of regulatory mechanisms is also the confirmation of the dialectic theory of organizational development and changes in the organization (Krzakiewicz 2012, p. 35), according to which its existence in a pluralistic world of conflicting events, forces or contradictory values leads to an internal confrontation. It results in creative synthesis in the form of a positive change. The orientation profile of a company's management covers not only the regulatory mechanisms but also the remaining elements of the management system, which also include: values and objectives, structures and regulations as well as methods and practice of management (Skalik, Bełz 2007, p. 16). Components of the management system include factors shaping the organization's potential for change. The strategic orientation of a company's management enables their activation and the implementation of changes supporting the achievement of its long-term development objectives. The purpose of this paper is to define the essence of the strategic approach in change management and to identify its role in the process of creating the development strategy as well as a program enabling the achievement of its long-term objectives. The content of the article is the result of a critical analysis of the literature and the author's own reflections.

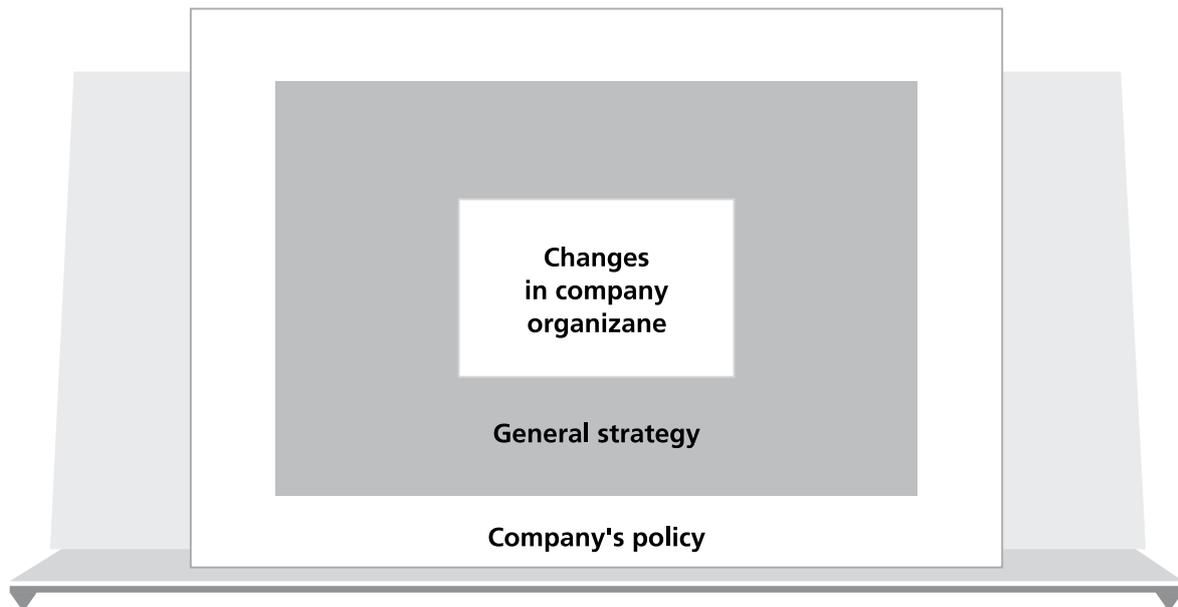
## **2. Strategic orientation in change management**

Strategic orientation in change management in a company derives from the general strategy which has a comprehensive impact on all areas and forms of its activities. The general strategy seen as a model of the organization's development defines the way in which the target image resulting from the company's vision is achieved. Most often, however, this image differs from reality, and the

revealed differences become a stimulus for internal organizational movement, the content of which includes changes of a great degree, requiring not only great outlays but also a longer time. These changes result from the company's policy and general strategy (figure 1). The company's policy, to which little attention is devoted in the literature on the subject, expresses the global vision of the functioning and perception of a business organization (Galata 2004, p. 50) in the convention of a game in which it plays the role of an actor of economic and social life (Strategor 2001, p. 16). Adopting this method of perceiving the organization makes it possible not only to learn the conditions for its operation but also to explain the mechanism of its previous behavior as well as predict and focus its future actions, which is significant when designing future changes. Strategic orientation in change management expresses the approach of people managing the internal organizational movement to initiate, design and implement changes depending on the company's situation. The content of this approach largely depends on the business organization's strategic location subject to changes. The nature and the method of executing internal transformations in a non-sustainable organization at risk of a downfall will be different than in the case of a company with a strong strategic position and great potential for development. The deliberations contained in this paper relate to the selection of a strategy of change management in a company focused on development, and not on overcoming crises. Therefore, the implementation of a string of changes of a reactive and anticipatory nature is the expression of the organization's internal dynamics. Reactive changes are the response to signals coming both from the organization's interior and from its environment. Each type of change listed here may have a pro-development impact and be perceived as a sign of the organization's development. Reactive changes that not only eliminate the revealed problems of internal functioning but are also the expression of the use of new ideas and new knowledge in a manner ensuring a growth in the business organization's competitiveness may be of great value for the stimulation of the company's development. Anticipatory changes, the introduction of which is inspired by the results of long-term forecasts regarding the course of key phenomena in the organization's environment, are a particularly valuable element of the internal organizational movement. Although they are burdened with greater risk, they create the possibility to achieve a greater and more permanent success. However, transformation changes are the most important for the company's development because they relate to the strategic level. They are characterized by the greatest radicalism. They include not only important transformations of a structural or process-related nature, but they

apply also to the philosophy of management and directions of the managers' thinking. Strategic orientation in theoretical studies on change management in organizations is mainly associated with the sphere of making decisions on changes and selecting its content and the method of implementation. This is confirmed by the proposal from P. Gilbert (1988, p. 21) who distinguishes four types of the strategy of changes in organizations: conservative, rational, focused on people and comprehensive. None of them contains recommendations that could be associated with the long-term development of a company. Some of them, especially the conservative strategy, are of a backward nature because they treat change in the organization as a source of potential threats and related risk. Only certain pro-development elements may be found in the strategy focused on people because the recommendations contained in it may improve the company's development capacity by maintaining positive relations between participants of the organization and achieving behavioral rationality. Some authors associate the strategic aspects of changing the organization with the process of implementing change projects, differentiating the strategies depending on their scope, concentration of resources and measures, initiatives as well as achieved results (Masłyk-Musiał 2003, p. 57). This made it possible to separate the following strategies of implementing changes: striking, continuous, top-down, emerging, managerial, common, clear and fuzzy. The connection between the content of these strategies with the issue of the company's development may be seen only in the case of the striking strategy, also known as the jumping strategy as well as the continuous strategy. The striking strategy requires strengthening in the concentration of resources and measures, high intensity of actions modifying the current condition of the organization the further maintenance of which may threaten the company's existence. As a result, it is recommended for unbalanced organizations. Pro-development trains in this strategy may be noticed only in the case of these companies that have a considerable strategic potential and that wish to use the emerging or expected opportunities in the environment.

The pro-development perception of the internal organizational movement has a relatively short history because the domination of classic trends in the theory of management made it possible to perceive stability as a particular value which was treated as the guarantee for the preservation of the internal organizational order. The emergence of the idea of balancing the organization (Kozłowski, Obłój 1989), in which the need to balance between opposite states of stability and change was treated as the source of an increase in the current and long-term effectiveness, created a new perspective for the intensification of the



**Figure 1. Relations between the company's organizational changes of a large scope and its strategy and policy**

Source: own study

company's internal dynamics. Although management practice prefers changes focused on the growth in current effectiveness, the growing turbulence in the environment increasingly stimulates the implementation of changes ensuring the achievement of long-term effects strictly related to the development of the company. The capacity and ease in making changes has become a key category in managing contemporary organizations. It is identified with the organization's flexibility which should be treated not only as a form of response to external processes taking place in the company's environment but also as a value which should be respected in order for development to occur. However, effective management of the organization's development requires the adjustment of the content and method of introducing changes to development plans which is associated with the necessity to conduct strategic accumulation in managing the company's development.

### **3. Strategic accumulation in managing the company's development**

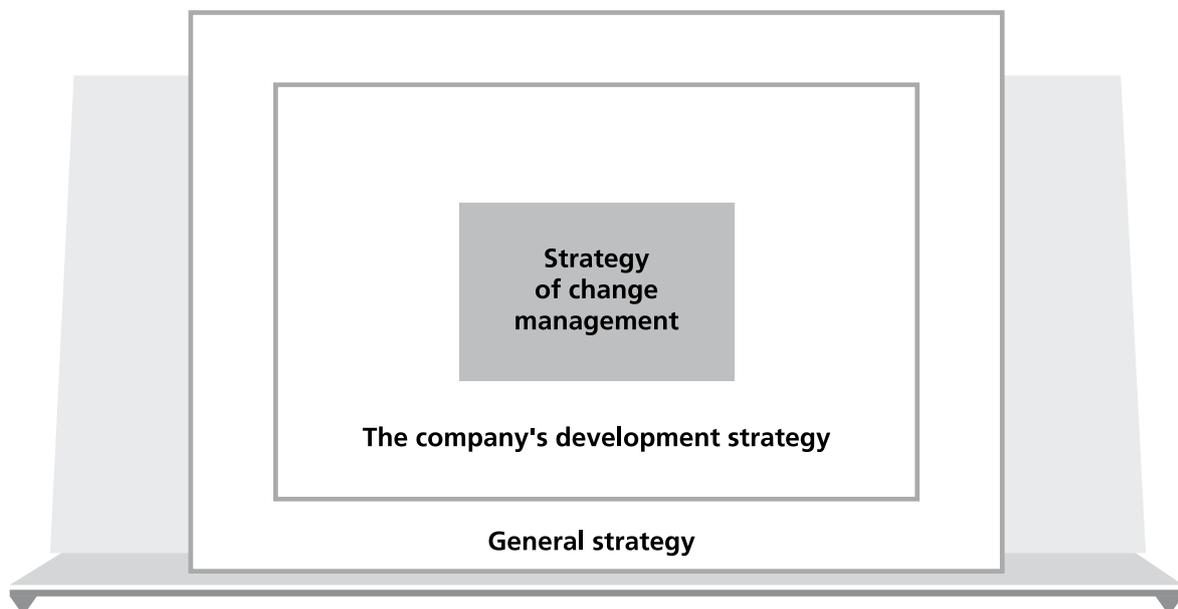
The development of a company is a holistic and long-term process of a strategic nature. Its bases are formed by changes in particular elements

of the organizational system as well as in the method of the implementation of particular management functions. . The essence of these changes is often identified with the process of creative destruction of the existing organizational balance. Defining the content of the company's development does not have a uniform nature. Authors representing the qualitative trend share a belief that the essence of the organization's development consists in the implementation of positive changes in its management system and functioning that provide new features to the entire organizational system. Achieving these features should be equivalent to the increase in the organization's ability to pursue the assumed objectives. Their identification may be of a multi-dimensional nature and it may relate to those aspects of the company's functioning that are of a critical importance for pursuing its objectives and the preservation of the expected ability to develop. The features referred to above relate to the following dimensions: economic, organizational, personal, information and technical-production. The problem of strategic orientation in change management perceived in the context of the company's development processes is strictly related to the organizational dimension which, among others, refers to the company's management system structure, the behavior of human teams and information resources. Transformations in this dimension, related to the development of a business organization, involve (Stabryła 2014, pp. 173-184):

- the modification or creation of new objectives,
- the improvement of the organizational structure,
- the division of work and specialization,
- the selection of production factors,
- the coordination of actions regarding the company's functioning,
- the preparation of conditions for economic collaboration,
- the adaptation to the rules of the competitive market game,
- the concentration of business activities.

Changes taking place in the organizational aspect need to consistently conform to the company's general strategy. As a result, managing its development requires a strategic accumulation of the development strategy as well as the strategy of change management in the space designated by the company's general strategy (figure 2). This means that the adopted strategy of development needs to take into account restrictions resulting from the general strategy, while the strategy of change management should respect the recommendations of the company's adopted development strategy, which is reflected in the content and the method of implementing development changes. The direct effect on the content of the change management strategy has the form of the company's

adopted development strategy. The theory of strategic management provides a number of model behaviors of a business organization focused on development. As a result, development strategies may be divided with the use of three criteria: content, direction and method of development (Światowiec-Szczepańska 2011, p. 275). Four strategies may be identified using the content criterion of the strategies: growth, stabilization, withdrawal (defensive) and diversity (combined strategies). The impact of the development strategy on the content and the method of implementing changes in the company is most clearly noticed in the case of the growth strategy, which involves market expansion and investment as well as the extension of the scale of activities. Adopting this strategy requires the introduction of radical transformations of a structural and technological nature, which are accompanied by the use of new management methods. In this case we are most often dealing with the striking strategy of change management, which involves a high concentration of resources and measures as well as a considerable intensification of modifying actions with a high level of innovativeness, which serves as the mechanism fostering the growth in the company's value and accelerating its particular functions. We are then dealing with development through innovations, which consists in creating new and original solutions in various areas of the company's activities expressing new



**Figure 2. Strategic accumulation in managing the company's development**

Source: own study

quality. These solutions also include organizational innovations of a structural, methodical or information nature.

Links between development strategies and strategic orientation in change management are also noticed in the case of defensive strategies related to disinvestment and limiting the scope of activities. Changes leading to reducing the organizational system and reducing the costs of the company's functioning are then preferred. Using this strategy is typical of organizations affected by crises where radical internal transformations are the condition for survival. Their introduction is also associated with great time pressure, which is of priority in change management. Changes are then made with great intensity and in a short period of time. The impact of development strategies on change management in large business organizations using combined development strategies, namely ones referring to particular units and business areas, may be observed in the content and the method of implementing single organizational projects. They may be of a different nature in particular modules of a large organization but they should result in the growth in revenues and in the reduction in operating costs. The company's development activities perceived from the perspective of strategic management may have the form of restructuring or innovative actions implemented in a short or a long period of time. Projects of changes of a short-term nature relate to operating activities and are of smaller significance for the company's long-term development. However, development projects strictly related to innovations, both in technical and organizational terms, confirm this development. This group of projects includes organizational innovations in the form of designs of modern organizational structures, information management systems or quality assurance. Managing this type of projects requires the observance of the convention of strategic approach and the adaptation of the change management process to the requirements of the general strategy. This requirement should be met by building and implementing a program of development changes in the company.

#### **4. The structure of building and implementing the program of development changes in the company**

Managing the company's development should lead to progress in all spheres of its activities. This progress is manifested by the implementation of changes of a various nature, including organizational and economic changes. Their content is formed in a complex process of designing the program of development changes (figure 3). Its creation begins from typical analytical works and studies

usually conducted in order to design the company's general strategy. Therefore, it is necessary to conduct its strategic analysis which requires not only the identification of the company's competitive profile but also the evaluation of its material and intangible resources from the strategic aspect, which is a necessary condition to formulate a strategic diagnosis. Its content contains recommendations regarding the company's strengths and weaknesses. Knowing these identified features of a business organization, it is possible to build not only the general strategy but also a model of the organization's development. The scope of the company's strategic analysis usually covers areas assigned to its material functions, such as: marketing, finance, management, personnel management, technology or production. In order to create the company's development strategy, it is particularly valuable to identify its strengths found in unique resources making it possible to obtain a long-term competitive advantage. Disclosing the company's weaknesses also has strategic significance for its development because it enables changes ensuring the elimination of active barriers for development. Determining the company's general strategy as well as its development strategy also requires the assessment of the environment in which it operates as well as the prediction of the configuration of phenomena and trends of crucial importance for its future. The problem in this case is the clear determination which expected events and trends are of favorable significance for development and which may be the source of active limitations. The identification of the existing and expected opportunities and threats in the company's environment is thus the basis not only for building the general strategy but also for determining the company's future directions of development as well as the methods for their successful implementation. Analytical works conducted in connection with the evaluation of the organization's opportunities and threats should take into account a wide context of its functioning and include not only the narrowly understood space associated with the market and the sector but also these phenomena that take place in the further environment. As a result, it is possible to reveal and use these opportunities and threats for the company's development that may be found in particular segments of the macroenvironment and have various conditions of the following nature: economic, legal, political, technical, demographic and social.

The strategic analysis of the company and its environment opens the way to formulate the general strategy the essence of which may be defined in various manners. Different approaches in this respect exist. Some people treat strategy as the creation and execution of a plan of action. Others see its essence as the position towards the environment. Some others see it as a pattern of action of

the organization perceived as a collection of rules and ways of responding to problems and phenomena taking place in it and in the external environment. The company's development aspects in the content of formulated definitions of strategy are clearly stressed in the definitions by R.L. Ackoff and A.D. Chandler. According to the former, strategy applies to long-term objectives and methods of achieving them affecting the system as a whole (Ackoff 1974, p. 29), while according to A.D. Chandler (1962, p. 13), it determines long-term objectives and directions of action as well as such method of resource allocation that enables their fulfillment. Not all general strategies define actions confirming their development nature. Organizations endangered with a crisis or experiencing a crisis see survival as the main purpose of their activities. The development nature of the general strategy results in the fact that its content becomes a source of inspiration in the process of building the program of development changes as well as determining the manner of their implementation contained in the company's development strategy. The content of the strategy, in turn, affects not only the content of expected changes but also the approach to their implementation, expressed in the adopted strategy of change management. The company's development potential plays a particular role in the complex system of actions related to designing and implementing development changes in the company. It is the expression of internal possibilities regarding the creation and implementation of positive changes signifying progress in the organization. The possibilities referred to above are found in owned tangible, financial resources as well as in human and structural capital. A particular role in shaping the company's development possibilities is played by its structural capital which consists of (Pietruszka-Ortyl 2007, p. 81):

- the managerial infrastructure,
- the relational capital,
- the organizational culture, as well as
- the innovative capital.

The managerial infrastructure, formed by: the company's organizational structure, its strategy, the applied systems of operation, the implemented processes and the way they are executed as well as the owned intellectual resources, is the expression of possessed internal possibilities regarding the initiation and implementation of positive changes. The level of relational capital as well as the pro-development nature of certain types of organizational culture plays an inspiring role in this process. The exploration and the creative culture have such power. The impact of relational capital on the development of the company is the expression of the use external mechanisms and the environment's



is confirmed by such phenomena in the organizational world as mergers or takeovers as well as the experience of corporate businesses, conglomerates and holding companies. The practice of Polish companies in recent years shows that development effects may be achieved not only by way of concentration but also by way of an opposite process, namely the separation of separate business entities from companies previously operating in the form of groups. This is a form of response to the negative effects of growing organizations in which the benefits of size are eliminated by the growing costs of coordination at an advanced degree of their development.

The final effect of the impact of the company's development potential, its general strategy and the strategy of change management on the final content of the internal dynamics of a business organization is its program of development. It is a collection of organizational-managerial projects the implementation of which, according to the adopted strategy of change management, guarantees the achievement of a higher level of internal balance, the achievement of strategic objectives confirming the company's development, the increase in its competitiveness and the improvement in the strategic location in its environment.

## 5. Conclusion

The majority of business organizations aim at development and an increase in their position in the market space and in the entire external environment. However, not all companies are successful in achieving these ambitious objectives. The reason for these failures is largely found in irregularities associated with the creation and implementation of development programs. One of them is the lack of respect for the consistency of the company's general strategy, the development strategy as well as the adopted strategy of change management when building the company's development program. The presence of the consistency referred to above is the consequence of the phenomenon of the strategic accumulation of effects of the adopted management policy, the general strategy as well as the change management strategy. The observance of the sequence of actions and the conditions enabling the creation of the company's development program and the necessary changes presented in the article seems to be a reasonable way to achieve its substantial correctness. The relevance of the assessment of the course of future and crucial phenomena in the company's external environment is also very important. The condition for the correctness of development programs and their effective implementation is also the use of these forces and possibilities

found in the company's development potential, especially in its structural capital. The article was prepared based on the analysis of secondary sources, and its content can be an inspiration for further discussion and research concerning the impact of the strategic approach to change management focused on developing the company.

## Summary

### **Strategic orientation in change management and using it when designing the company's development strategy**

Designing the company's development program is a complex project in which it is necessary to preserve the logical sequence of analytical actions but also to respect the basic factors defining the correct direction and program of changes. The article presents the structure of related design actions as well as the strategic aspects of building a program of development changes in the company resulting not only from its general strategy but also from the adopted pattern of development and the change management strategy.

**Keywords:** *growth and development of a company, the company's development program, the company's general strategy, strategy of change management, the company's development strategy, strategic accumulation in managing the company's development.*

## Streszczenie

### **Strategiczna orientacja zarządzania zmianami i jej wykorzystanie w procesie projektowania rozwoju przedsiębiorstwa**

Projektowanie programu rozwoju przedsiębiorstwa jest złożonym przedsięwzięciem, w którym konieczne jest zachowanie logicznej sekwencji działań o charakterze analityczno-studialnym, ale również respektowanie podstawowych czynników wyznaczających właściwy kierunek i program zmian. W treści artykułu przedstawiona została struktura związanych z tym działań projektowych oraz strategiczne aspekty budowy programu zmian rozwojowych w przedsiębiorstwie, wynikające nie tylko z jego strategii ogólnej, ale również przyjętego wzorca rozwoju i strategii zarządzania zmianami.

## Słowa

**kluczowe:** *wzrost i rozwój przedsiębiorstwa, program rozwoju przedsiębiorstwa, strategia ogólna przedsiębiorstwa, strategia zarządzania zmianami, strategia rozwoju przedsiębiorstwa, kumulacja strategiczna w zarządzaniu rozwojem przedsiębiorstwa.*

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